

FOREIGN CURRENCY RATES

The Foreign Currency Fluctuations, Defense (FCF,D) appropriation was established in FY 1979 to enable execution of budgeted programs without concern for adverse variations in foreign currency exchange rates. This centralized account is managed by the Under Secretary of Defense (Comptroller). Funds are transferred from this appropriation to selected DoD Components' Operation and Maintenance (O&M) and Military Personnel (MILPERS) appropriations to offset net losses in purchasing power because of unfavorable fluctuations in the foreign currency exchange rates of specified currencies. If a net gain results, the asset is transferred from the gaining appropriation to the FCF,D appropriation to replenish the fund. The specified currencies are shown below as well as the rates used to formulate the budget. It is these rates the Department intends to use to measure foreign currency fluctuation during execution. These rates are expressed in terms of units of foreign currency that can be purchased with one (1) U.S. dollar. Effective 1 January, FY 2002, the national currencies of Belgium, France, Germany, Greece, Italy, the Netherlands, Portugal, and Spain were consolidated in the European Community (i.e., euro) currency.

FOREIGN CURRENCY EXCHANGE RATES (Units of Foreign Currency Per One U.S. Dollar)

<u>Country</u>	<u>Monetary Unit</u>	<u>Execution Rates</u>		<u>President's</u>
		<u>FY 2001</u>	<u>FY 2002</u>	<u>Budget Rates</u>
				<u>FY 2003</u>
Belgium	Franc	49.6404	51.6472*	-
Denmark	Krone	9.1871	9.5300	8.4732
European Community	Euro	1.2325	1.2803	1.1386
France	Franc	8.0786	8.3982*	-
Germany	Deutsche Mark	2.4048	2.5040*	-
Greece	Drachma	416.6065	436.2620*	-
Italy	Lira	2,384.6890	2,479.0060*	-
Japan	Yen	122.1325	133.4000	124.3300
Netherlands	Guilder	2.7115	2.8214*	-
Norway	Krone	9.9314	10.2284	9.0313
Portugal	Escudo	247.6330	256.6770*	-
Singapore	Dollar	1.9098	1.9541	1.8384
South Korea	Won	1,244.0760	1,443.8100	1,265.0000
Spain	Peseta	205.5207	213.0240*	-
Turkey	Lira	719,969.0000	1,342,706.0000	1,493,000.0000
United Kingdom	Pound	0.7415	0.7643	0.7091

* Represents equivalent exchange rates for euro legacy currencies corresponding to a euro exchange rate of 1.2803 to the dollar.